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November 10, 2014

SENT VIA U.S. MAIL AND ELECTRONIC MAIL

Dr. Joe Hoagland
Vice President, Stakeholder Relations
Dr. Charles P. Nicholson, Ph.D.
National Environmental Policy Act Compliance Project Manager
Tennessee Valley Authority
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Dear Dr. Hoagland and Dr. Nicholson:

I write to comment on the Tennessee Valley Authority's (TVA) recent announcement that it is considering the fate of two (2) coal-fired generating units located at its Shawnee Fossil Plant near Paducah, Kentucky. As detailed in the TVA's invitation for public comment, these resource decisions are pending as a result of the 2011 consent agreement with the Environmental Protection Agency, the State of Kentucky, other states and environmental groups. Under the National Environmental Policy Act (NEPA) administrative process, the TVA is considering three (3) options:

- (1) To retrofit Units 1 and 4 with scrubbers (the common term for flue gas desulfurization ("FGD") systems) and Selective Catalytic Reduction ("SCR") controls;
- (2) To convert Units 1 and 4 to burn biomass;¹ or
- (3) To retire Units 1 and 4 by Dec. 31, 2017.

TVA further explains that, in addition to the unit retirements currently under consideration, it retired Shawnee Unit 10 in 2014. Therefore, of the ten (10) units available as part of Shawnee Fossil Plant's total energy capacity exceeding 1,200 MW as of last winter, TVA is proposing to reduce coal-fired energy capacity by more 400 MW (136 MW in 2014 and 272

¹ While this option is included in TVA's announcement dated October 20, 2014, TVA advises as follows: "TVA has examined the feasibility of converting coal units at Shawnee and elsewhere to burn biomass several times and this has not proved feasible."



MW by 2017) and leave only seven (7) units operational. Moreover, prior to its Environmental Assessment (EA) of the available options, TVA is ruling out the option of biomass.²

In previous comment letters to the TVA regarding Coal Plant Shutdowns, I have expressed my concerns regarding both the lack of transparency by TVA as to its resource planning decisions and the potential threats to reliability that will result from these retirements. These concerns directly impact the ratepayers in the TVA service territory, including those Kentucky customers whom I represent. Further, I again point out that the NEPA process specifically requires public engagement throughout the process of analyzing and assessing options. Part of that NEPA analysis requires assessing the social and economic impacts on the affected areas.

As such, I would request that TVA take the follow steps as part of its decision-making process relating to the Shawnee Fossil Plant decision:

- I. Schedule public meetings in and around Paducah and within reasonable driving distance of its residential, end-use customers in south-western Kentucky. These public meetings should occur both before and after the publication of the EA.
- II. As part of the federal NEPA administrative process, consider, address and answer for the NEPA administrative record being prepared in this matter the following questions:
 - (a) What impacts to reliability, including both total and net dependable capacity, have occurred as a result of the 2014 retirement of Shawnee Unit 10? Please provide this for the total TVA system and on a state-by-state basis.
 - (b) What impacts to reliability, including both total and net dependable capacity, may result if Shawnee Units 1 and 4 were to be retired in each of the successive calendar years: 2015, 2016 or 2017? Please provide this for the total TVA system and on a state-by-state basis.
 - (c) Please provide copies of any analyses, reports, communications or other documents relevant to TVA's examination of "the feasibility of converting coal units at Shawnee and elsewhere to burn biomass"? In addition, on what does TVA rely for its decision, prior to the EA and prior to the NEPA process, to reject a biomass conversion of Shawnee Units 1 and 4?
 - (d) What impact will retirements and need for replacement energy now or in the future have on rates to TVA's end-use customers on a state-by-state basis, including the Commonwealth of Kentucky?
 - (e) Please delineate and describe with specificity the economic impacts, including but not limited to job losses, tax revenues and business closures/relocations, which may occur in the Paducah area (McCracken and contiguous counties) as a result of a decision to retire Shawnee Units 1 and 4?

² See footnote 1 *supra*.

- (f) Please describe and explain in detail the least-cost analysis employed by TVA in its resource planning decision relevant to the Shawnee Fossil Plant, including any modeling software, methodologies and systems used, independent experts consulted and presumptions, contingencies or sensitivities considered.

I respectfully request that these preliminary comments and data requests be included as part of the NEPA administrative record in this matter. Further, I request that TVA take immediate action to schedule public meetings in this matter and provide answers to these data requests and copies of the requested materials no later than November 24, 2014. In the interim, please do not hesitate to contact me or my staff with any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack Conway", with a stylized, flowing script.

Jack Conway
Kentucky Attorney General